

CollegeCounts 529 Fund Advisor Plan

Morningstar Analyst Rating

Neutral

Morningstar Pillars

Process	⊕ Positive
Performance	⊖ Neutral
People	⊕ Positive
Parent	⊖ Neutral
Price	⊖ Negative

Analyst Rating Spectrum

Gold	Silver	Bronze	Neutral	Negative
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Analysis by Kailin Liu 2012-10-15

Alabama's advisor-sold CollegeCounts 529 plan has appeal.

This two-year-old plan is not afraid to tweak. Program manager Union Bank & Trust recently enhanced the portfolio by increasing allocations to international equity, international fixed income, and high yield. They also swapped out domestic real estate for a larger dose of global real estate and introduced international small caps and commodities. Union Bank and consultant Wilshire Associates made these changes to improve diversification and hedge against inflation. Increased exposure to such asset classes can lead to greater volatility at times, though the age-based tracks' allocation to index funds should curb that tendency somewhat by limiting manager-specific risk. Nonetheless, the Aggressive and Moderate age-based options already hold more in equities than the industry average and roll out of equities a bit later than peers. Cautious investors may want to stick with the Conservative age-based option.

The program's slew of static allocation and stand-alone fund options is still one of its strengths. Advisors can build a custom portfolio or supplement an age-based option with six static allocation options and 19 fund options. The individual fund options are a mix of active and index funds, giving advisors flexibility in how they construct investor portfolios. The individual fund options provide access to many asset classes and subasset classes, such as emerging markets, international bond, commodities, and TIPS. In addition, the roster includes several well-regarded active funds, such as PIMCO Total Return and BlackRock Inflation Protected Bond.

Costs could be more competitive. The age-based options are still pricier than many peers', though their sizable stake in cheap index funds should make them less expensive. Some of the active single-fund options are too expensive, like the 1.82% A shares of the William Blair Value Discovery option. More positively for investors, the plan's 3.50% front-end load is markedly lower than peers'. Alabama residents can also offset the higher costs by taking advantage of a \$5,000 (\$10,000 for married couples) state income tax deduction for contributions, as well as a waiver of the \$12 annual account fee.

All told, the plan is a solid choice for Alabama residents. Nonresidents who want open architecture or intend to build custom portfolios could also do well here. Otherwise, other plans offer quality investments for a lower price.

Web Address	http://www.collegecounts529advisor.com/
Program Manager	Union Bank & Trust Company (Lincoln, NE)
Trustee	Board of Trustees of CollCounts 529 Fund
Advisor Sold	Resident and non-resident
Direct Sold	Resident
Fee Range (Age-based)	0.44-2.03
Minimum Initial Investment	\$0
Annual State Tax Deduction (per Taxpayer)	Single filing up to \$5,000 Joint filing up to \$10,000

Plan Options

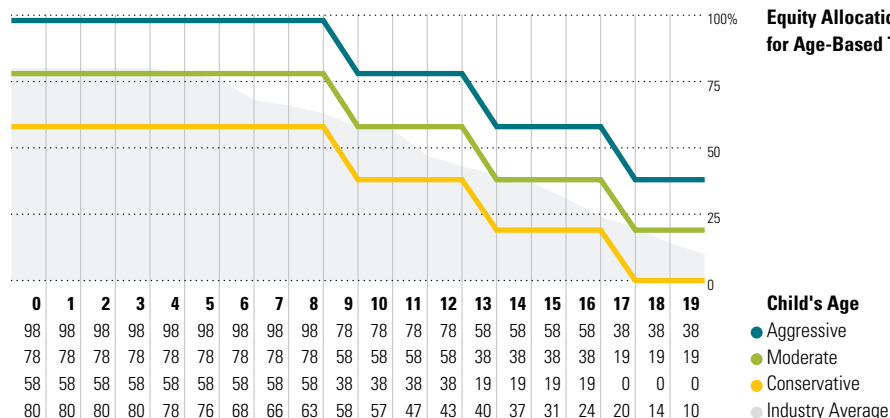
Age-Based Tracks: 3

Static Portfolios/Funds: 24

Issuing State

Alabama

Equity Allocation % for Age-Based Tracks



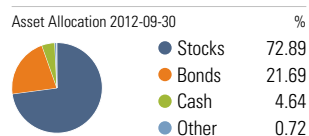
Plan Option Overview 2012-09-30

Option Name	Overall Star Rating	Current Equity %	Total Fees %	Fee Level	YTD		3-Year		5-Year			
					Total Rtn %	Cat Rank %	Total Rtn %	Cat Rank %	Total Rtn %	Cat Rank %		
● Aggressive												
AL CollCounts Adv Age-Based Agg 0-8 A	—	97.00	1.28	+ Avg	14.33	29	—	—	—	—		
AL CollCounts Adv Age-Based Agg 9-12 A	—	72.89	1.24	+ Avg	12.76	28	—	—	—	—		
AL CollCounts Adv Age-Based Agg 13-16 A	—	51.97	1.18	+ Avg	11.03	8	—	—	—	—		
AL CollCounts Adv Age-Based Agg 17-20 A	—	32.83	1.12	Avg	9.51	10	—	—	—	—		
AL CollCounts Adv Age-Based Agg 21+ A	—	16.28	1.03	+ Avg	7.01	3	—	—	—	—		
● Moderate												
AL CollCounts Adv Age-Based Mod 0-8 A	—	72.89	1.24	Avg	12.76	35	—	—	—	—		
AL CollCounts Adv Age-Based Mod 9-12 A	—	51.97	1.18	Avg	11.03	29	—	—	—	—		
AL CollCounts Adv Age-Based Mod 13-16 A	—	32.83	1.12	Avg	9.51	10	—	—	—	—		
AL CollCounts Adv Age-Based Mod 17-20 A	—	16.28	1.03	- Avg	7.01	9	—	—	—	—		
AL CollCounts Adv Age-Based Mod 21+ A	—	0.00	0.90	- Avg	2.71	33	—	—	—	—		
● Conservative												
AL CollCounts Adv Age-Based Con 0-8 A	—	51.97	1.18	- Avg	11.03	12	—	—	—	—		
AL CollCounts Adv Age-Based Con 9-12 A	—	32.83	1.12	- Avg	9.51	8	—	—	—	—		
AL CollCounts Adv Age-Based Con 13-16 A	—	16.28	1.03	- Avg	7.01	9	—	—	—	—		
AL CollCounts Adv Age-Based Con 17-20 A	—	0.00	0.90	Low	2.71	85	—	—	—	—		
AL CollCounts Adv Age-Based Con 21+ A	—	0.00	0.44	Low	0.09	77	—	—	—	—		
AL CollCounts Adv Fund 80 A	—	72.89	1.24	Avg	12.76	40	—	—	—	—		
AL CollCounts Adv Fund 60 A	—	51.97	1.18	- Avg	11.03	37	—	—	—	—		
AL CollCounts Adv Fund 100 A	—	97.00	1.28	Avg	14.33	6	—	—	—	—		
AL CollCounts Adv Fund 40 A	—	32.83	1.12	Avg	9.51	9	—	—	—	—		
AL CollCounts Adv Fund 20 A	—	16.28	1.03	- Avg	7.01	51	—	—	—	—		
AL CollCounts Adv TRP Bal A	—	64.74	1.33	+ Avg	11.56	21	—	—	—	—		
AL CollCounts Adv Cohen Steers Div Val A	—	—	1.32	+ Avg	—	—	—	—	—	—		
AL CollCounts Adv Fixed Income A	—	0.00	0.90	- Avg	2.71	92	—	—	—	—		

Current Equity % is as-of the most recent portfolio date available. For Category Rank %, 1 = highest rank, 100 = lowest rank.

Moderate Highlights 2012-09-30

AL CollCounts Adv Age-Based Mod 0-8 A

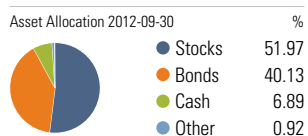


Top Asset Managers	%
Northern Funds	36.98
T. Rowe Price	15.93

529 Category
Age 0-6 Medium Equity

Return vs Category	—
Risk vs Category	—

AL CollCounts Adv Age-Based Mod 9-12 A

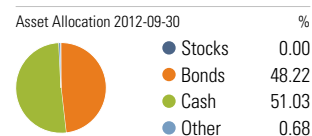


Top Asset Managers	%
Northern Funds	40.01
PIMCO	19.04

529 Category
Age 7-12 Medium Equity

Return vs Category	—
Risk vs Category	—

AL CollCounts Adv Age-Based Mod 21+ A



Top Asset Managers	%
BlackRock	62.00
PIMCO	19.01

529 Category
Age 19+ Low Equity

Return vs Category	—
Risk vs Category	—